

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 1042

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Taylor” and substitute “, Taylor, Barve, Brown, Donoghue, Eckardt, Goldwater, Harrison, Hurson, Kach, Kirk, Krysiak, Love, Moe, Pendergrass, and Walkup”; in line 6, strike “Governor” and substitute “Speaker of the House and President of the Senate”; in line 9, after “the” insert “Executive Director in consultation with the”; and in line 35, after “exclusion;” insert “authorizing the Fund to assess certain health insurance carriers for certain funds; providing for the calculation of a certain assessment; requiring certain excess assessment funds to be held and used by the Fund in a certain manner; requiring certain carriers to file certain statements and reports with the Board; providing for the abatement or deferment of an assessment under certain circumstances; specifying the time period during which a certain carrier is liable to the Fund for a certain deficiency;”.

On page 2, in line 1, after “Fund;” insert “repealing the authority of the Insurance Commissioner to determine that a certain vote is not required as part of a certain transaction; eliminating a requirement that the Maryland Insurance Administration consider certain criteria in determining whether to approve a certain acquisition;”; strike beginning with “repealing” in line 1 down through “program;” in line 4; strike beginning with “terminating” in line 6 down through “Act;” in line 10; strike in their entirety lines 12 through 20, inclusive; strike in their entirety lines 26 through 36, inclusive; and in line 39, strike “14-517” and substitute “14-518”.

On page 3, in line 11, after “6.5-301” insert “and 6.5-303”; strike in their entirety lines 14 through 30, inclusive; in line 31, strike “3. AND” and substitute “1.”; in the same line, strike “FURTHER”; and in the same line, after “ENACTED” insert “BY THE GENERAL ASSEMBLY OF MARYLAND”.

AMENDMENT NO. 2

On page 4, in line 6, strike “OR”; in line 8, strike the bracket; in the same line, strike “or”;

(Over)

and in line 10, strike the bracket and substitute “; OR

(7) THE MARYLAND HEALTH INSURANCE AND ASSISTANCE FUND ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THIS ARTICLE”.

On pages 4 and 5, strike in their entirety the lines beginning with line 11 on page 4 down through line 8 on page 5, inclusive.

On page 5, in line 9, strike “4.” and substitute “2.”; and strike in their entirety lines 11 through 29, inclusive.

AMENDMENT NO. 3

On page 6, in line 27, strike “AN”; strike beginning with “UNIT” in line 27 down through “ADMINISTRATION” in line 28 and substitute “OF ALL STATE UNITS”.

AMENDMENT NO. 4

On page 7, in line 13, strike “ONE SHALL BE THE COMMISSIONER;” and substitute “SEVEN SHALL BE APPOINTED JOINTLY BY THE SPEAKER OF THE HOUSE AND THE PRESIDENT OF THE SENATE IN ACCORDANCE WITH SUBSECTION (B)(1) OF THIS SECTION; AND

(2) TWO SHALL BE APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE IN ACCORDANCE WITH SUBSECTION (B)(2) OF THIS SECTION.”;

strike in their entirety lines 14 through 27, inclusive, and substitute:

“(B) (1) OF THE MEMBERS APPOINTED JOINTLY BY THE SPEAKER OF THE HOUSE AND THE PRESIDENT OF THE SENATE:

(I) FOUR SHALL BE KNOWLEDGEABLE ABOUT THE BUSINESS OF INSURANCE, BUT NOT OFFICERS OR EMPLOYEES OF A CARRIER DOING BUSINESS IN THE STATE OR CONSULTANTS TO A CARRIER DOING BUSINESS IN THE STATE;

(II) ONE SHALL BE AN INDIVIDUAL ENGAGED IN THE MANAGEMENT OR ADMINISTRATION OF EMPLOYEE HEALTH BENEFITS ON BEHALF OF AN EMPLOYER IN THE STATE WITH FEWER THAN 100 EMPLOYEES;

(III) ONE SHALL BE A SMALL BUSINESS OWNER WHO

MAINTAINS EMPLOYEE HEALTH INSURANCE COVERAGE IN THE SMALL GROUP MARKET IN ACCORDANCE WITH THE PROVISIONS OF TITLE 15, SUBTITLE 12 OF THIS ARTICLE; AND

(IV) ONE SHALL BE A REPRESENTATIVE OF ORGANIZED LABOR.

(2) EACH OF THE TWO MEMBERS OF THE BOARD APPOINTED BY THE GOVERNOR SHALL BE A CONSUMER WHO DOES NOT HAVE A SUBSTANTIAL FINANCIAL INTEREST IN A PERSON REGULATED UNDER THIS ARTICLE.”;

strike in their entirety lines 28 through 30, inclusive; in line 31, strike “EXCEPT FOR THE EX OFFICIO MEMBERS, THE” and substitute “THE”.

On page 8, in line 6, strike “GOVERNOR” and substitute “SPEAKER AND THE PRESIDENT”; in line 9, strike “GOVERNOR” and substitute “SPEAKER AND THE PRESIDENT”; in the same line, after “SHALL” insert “JOINTLY”; and strike beginning with the comma in line 27 down through “MEMBER,” in line 28.

AMENDMENT NO. 5

On page 9, in line 1, strike “BOARD” and substitute “EXECUTIVE DIRECTOR, SUBJECT TO THE APPROVAL OF THE BOARD,”; in the same line, strike “ITS”; in the same line, after “EMPLOYEES” insert “OF THE FUND”; strike beginning with “STATE” in line 15 down through “ARTICLE” in line 16 and substitute “THE PROVISIONS OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE PROVISIONS OF DIVISION I OF THE STATE PERSONNEL AND PENSIONS ARTICLE THAT GOVERN THE STATE PERSONNEL MANAGEMENT SYSTEM, THE PROVISIONS OF DIVISION II AND TITLE 37 OF THE STATE PERSONNEL AND PENSIONS ARTICLE, AND THE PROVISIONS OF ARTICLE 78A OF THE CODE.”.

AMENDMENT NO. 6

On pages 10 and 11, strike beginning with “ISSUE” in line 32 on page 10 down through “ARTICLE” in line 2 on page 11 and substitute “ASSESS CARRIERS IN ACCORDANCE WITH § 14-518 OF THIS SUBTITLE FOR LOSSES INCURRED BY THE FUND”.

AMENDMENT NO. 7

On page 12, strike beginning with “A” in line 1 down through “ARTICLE” in line 3 and substitute “MONEY FROM ASSESSMENTS LEVIED ON CARRIERS IN ACCORDANCE WITH § 14-518 OF THIS SUBTITLE”; and in line 9, strike “INTERESTS” and substitute “INTEREST”.

On page 13, in line 8, strike “200%” and substitute “150%”; and strike beginning with “§ 19-219” in line 13 down through “ARTICLE” in line 14 and substitute “§ 14-518 OF THIS SUBTITLE”.

AMENDMENT NO. 8

On page 13, in line 33, strike “250%” and substitute “300%”.

On page 14, in line 8, after “FUND” insert “OR WAS TERMINATED FROM COVERAGE UNDER THE FUND DUE TO NONPAYMENT OF PREMIUM”.

On page 15, in line 6, strike “250%” and substitute “300%”.

AMENDMENT NO. 9

On page 18, after line 3, insert:

“14-518.

(A) THE FUND MAY ANNUALLY ASSESS EACH CARRIER FOR LOSSES INCURRED BY THE FUND.

(B) AT THE END OF EACH FISCAL YEAR, THE FUND SHALL DETERMINE THE FOLLOWING, TAKING INTO ACCOUNT INVESTMENT INCOME AND OTHER APPROPRIATE GAINS AND LOSSES:

- (1) NET PREMIUMS;
- (2) ADMINISTRATIVE EXPENSES; AND
- (3) INCURRED LOSSES.

(C) EACH CARRIER'S ASSESSMENT SHALL BE DETERMINED BY MULTIPLYING THE TOTAL ASSESSMENT DETERMINED UNDER SUBSECTION (B) OF THIS SECTION BY A FRACTION:

(1) THE NUMERATOR OF WHICH EQUALS THE CARRIER'S PREMIUM AND SUBSCRIBER CONTRACT CHARGES FOR HEALTH INSURANCE WRITTEN IN THE STATE DURING THE PRECEDING CALENDAR YEAR; AND

(2) THE DENOMINATOR OF WHICH EQUALS THE TOTAL OF ALL HEALTH INSURANCE PREMIUMS WRITTEN BY ALL CARRIERS.

(D) IF THE ASSESSMENTS COLLECTED EXCEED THE FUND'S ACTUAL LOSSES AND ADMINISTRATIVE EXPENSES THE EXCESS SHALL BE HELD IN AN INTEREST BEARING ACCOUNT AND THE EXCESS PLUS INTEREST SHALL BE USED BY THE BOARD TO:

(1) OFFSET FUTURE LOSSES; OR

(2) REDUCE FUTURE ASSESSMENTS.

(E) EACH CARRIER SHALL FILE WITH THE BOARD ANNUAL STATEMENTS AND OTHER REPORTS DEEMED NECESSARY BY THE BOARD TO CALCULATE AND VERIFY AN ASSESSMENT.

(F) (1) A CARRIER MAY PETITION THE BOARD FOR AN ABATEMENT OR DEFERMENT OF AN ASSESSMENT IMPOSED BY THE BOARD IF PAYMENT OF THE ASSESSMENT WOULD ENDANGER THE ABILITY OF THE CARRIER TO FULFILL ITS CONTRACTUAL OBLIGATIONS.

(2) IN THE EVENT THAT AN ASSESSMENT IS ABATED OR DEFERRED IN ACCORDANCE WITH THIS SUBSECTION, THE AMOUNT OF THE ABATED OR DEFERRED ASSESSMENT SHALL BE ASSESSED AGAINST THE OTHER CARRIERS IN A MANNER CONSISTENT WITH THE REQUIREMENTS FOR CALCULATING ASSESSMENTS

(Over)

UNDER SUBSECTION (C) OF THIS SECTION.

(3) A CARRIER THAT RECEIVES AN ABATEMENT OR DEFERMENT UNDER THIS SUBSECTION SHALL REMAIN LIABLE TO THE FUND FOR THE DEFICIENCY FOR A PERIOD OF 4 YEARS.”.

AMENDMENT NO. 10

On page 20, strike beginning with “or” in line 27 down through “subtitle” in line 28.

On page 21, after line 28, insert:

“6.5-303.

In determining whether to approve an acquisition of a nonprofit health service plan or a nonprofit health maintenance organization, the Administration shall consider:

(1) the criteria listed in § 6.5-301 of this subtitle; and

(2) whether the acquisition:

(i) is equitable to enrollees, insureds, shareholders, and certificate holders, if any, of the transferor;

(ii) is in compliance with Title 2, Subtitle 6 of the Corporations and Associations Article;

(iii) [is approved by at least two-thirds of the transferor's certificate holders who have voted on the acquisition:

1. in person, by proxy, or by mail; and

2. pursuant to the requirements adopted by the Commissioner regarding notice and procedure; and

(iv)] ensures that the transferee will possess surplus in an amount sufficient to:

1. comply with the surplus required under law; and
2. provide for the security of the transferee's certificate holders and policyholders.”.

AMENDMENT NO. 11

On pages 21 through 24, strike in their entirety the lines beginning with line 29 on page 21 through line 24 on page 24, inclusive.

On page 24, in line 25, strike “7.” and substitute “3.”.

On pages 24 and 25, strike in their entirety the lines beginning with line 31 on page 24 through line 16 on page 25, inclusive.

On page 25, in line 17, strike “9.” and substitute “4.”; in line 20, strike “10.” and substitute “5.”.

On pages 25 and 26, strike in their entirety the lines beginning with line 31 on page 25 through line 4 on page 26, inclusive.

On page 26, strike lines 5 through 8 in their entirety; in line 9, strike “14.” and substitute “6.”; and strike beginning with the second comma in line 9 down through “Act,” in line 10.